

ARTICLE APPEARED
ON PAGE 1

2 March 1987

Taking Over

New Staff Chief Baker To Wield Great Power In a Conciliatory Way

Choice as Reagan's Top Aide
Makes Keeping Volcker,
Arms Accord More Likely

Will He Back Tax Increase?

By ELLEN HUME
And DAVID SHRIBMAN

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—When Howard Baker was running for the 1980 Republican presidential nomination, he suggested that a president ideally ought to "direct the affairs of the country in a very general way" and not "handle every detail or even most details."

Today, Howard Baker is the chief of staff to a president who has far exceeded Mr. Baker's prescription. Ronald Reagan's detachment has proved to be a major political liability in the wake of the Iran-Contra scandal and the Tower Commission's devastating report last week on Mr. Reagan's failures in the situation.

The appointment of the highly respected former Senate majority leader is a major boost for the crippled Reagan White House. But Mr. Baker now faces a Herculean task: attempting to repair a presidency that many think is damaged irreparably.

He will at least have the freedom to try. Given the president's by now well-documented inattention to governance, the 61-year-old Mr. Baker will assume enormous importance. But unlike ousted predecessor Donald Regan, who jealously maintained maximum power in his own hands, the Baker style is to reach out and include as many factions as possible in helping to make decisions. "Howard is a great enlister," says one of his close colleagues.

Adds GOP Sen. Nancy Kassebaum of Kansas: "You can already hear a sigh of relief throughout Washington."

The choice of Mr. Baker places the White House in the hands of an experienced political moderate. To the dismay



Howard Baker

of hard-line conservative Reaganites, he is expected to push the president toward compromise and consensus on many major domestic and foreign policy issues. The implications are considerable:

—It is now more likely that Federal Reserve Chairman Paul Volcker will be reappointed later this year if he wants to be. Mr. Regan detested the Fed chairman and, a knowledgeable Republican observes, "would have laid down his body to block Volcker's renomination." By contrast, Mr. Baker, despite his political aversion to high interest rates, strongly supported the chairman's renomination four years ago. The new chief of staff is a self-described economic "traditionalist" who turns for advice to economists like Alan Greenspan rather than to supply-siders or monetarists.

—With Mr. Baker's legislative background, the White House is likely to become more involved in working with Congress to fashion budget-deficit and trade legislation. He is known to believe that the president can ill afford to sit on the sidelines. While Mr. Baker personally favors a tax increase to help reduce the deficit, his style of operation makes him unlikely to push a resistant President Reagan unless an opportune moment arises. In general, the new chief of staff will be an ally of Treasury Secretary James Baker and Deputy Treasury Secretary Richard Darman, two men whose skills he admires.

—On foreign policy, Howard Baker has a much higher regard for Secretary of State George Shultz than for Defense Secretary Caspar Weinberger, and he can be expected to encourage the president to seek some arms-limitation accord with the Soviets. But arms control will remain a divisive issue. While the White House will face enormous pressure to accept Soviet leader Mikhail Gorbachev's offer this weekend to negotiate an agreement on medium-range missiles, it will face continued pressure from the Pentagon and conservatives not to make too many concessions and to insist on tough verification measures and limits on shorter-range Soviet missiles in Eastern Europe.

The Baker appointment also carries enormous implications for the 1988 Republican presidential contest. The big beneficiary of Mr. Baker's withdrawal from that race is likely to be Senate GOP leader

Robert Dole, whose political appeal as a middle-of-the-road problem solver is similar to Mr. Baker's. Top Dole aide David Keene predicts that "we'll get a significant chunk" of the Baker support. An immediate upshot is that New Hampshire Sen. Warren Rudman, a staunch Baker supporter, is now expected to switch his support to Sen. Dole in his state's important GOP primary.

Conversely, most political experts believe that the White House shake-up will create yet another problem for Vice President George Bush's campaign. If the Reagan presidency rebounds, Mr. Baker will get much of the credit, pointing up the vice president's limited substantive role in the administration.

But a Reagan rebound, even with a popular new chief of staff, will be no easy feat. Most Washington insiders doubt that the president will ever regain his credibility and aura of command following the devastating portrait of him that has emerged in recent days; the best he can hope for may be to stop any further erosion.

"Baker may not be in as strong a position to move Reagan as some people think he is," says Richard Neustadt, a Harvard professor and expert on the presidency. "It's almost too late." Some of the president's strongest supporters say the 76-year-old chief executive will have to change his own style dramatically if he is to recoup. "The days of hands-off policy on serious matters are over for Ronald Reagan," former Nevada Sen. Paul Laxalt said on ABC's "This Week with David Brinkley" program. "He's going to have to get his head and his gut squarely into this operation."

Replacement for Gates

Mr. Baker, who over the weekend had what sources describe as a "friendly" telephone conversation with his predecessor, faces several immediate challenges. He must help shape Mr. Reagan's national address, tentatively scheduled for Wednesday night, in which the president will address the Tower report and attempt to set a tone for the remainder of his term. And though there isn't any indication now that a major cabinet shake-up is in the offing, Mr. Baker must find a replacement for the doomed nomination of Robert Gates to be director of the Central Intelligence Agency. Brent Scowcroft, a former national security adviser to President Ford and a member of the Tower Commission, has been mentioned for the job.

For deputy White House chief of staff, two leading candidates close to Mr. Baker have emerged. They are Thomas C. Grierson, his highly respected former press secretary who is a vice president at the advertising agency of Ogilvy & Mather, and Kenneth Duberstein, a former White House congressional liaison who is a successful

Continued

2.

lobbyist with Timmons & Co. James Cannon, a longtime Baker aide and a domestic policy adviser in the Ford administration, also may join the Reagan White House, possibly as a counselor to the president.

But personnel matters have never been Mr. Baker's strong suit, and the new chief of staff has already run into problems in handling Reagan holdovers. He plans to make A.B. Culvahouse, one of his partners in the law firm of Vinson & Elkins, the new White House counsel. But the incumbent in that job, Peter Wallison, wasn't immediately told that he was being replaced. Mr. Wallison, who has argued that his knowledge of the Iran-Contra investigations means he should stay on at the White House, will apparently be offered another job. Another top Reagan aide, Dennis Thomas, is struggling to stay on by helping with the transition, but Mr. Baker isn't likely to retain someone so closely identified with the discredited Reagan regime.

Contender for Fed Job

In the longer term, Mr. Baker's presence will be felt on a host of issues. David Smick, a Washington consultant, says that Mr. Baker's accession "could be a tremendous boost" to the efforts of Treasury Secretary Baker to forge an international agreement aimed at stabilizing foreign-exchange rates; Mr. Regan was tepid on the Treasury chief's initiatives. And if Mr. Volcker doesn't want reappointment to the Fed, Mr. Greenspan would be a leading contender.

On foreign policy, the new chief of staff isn't likely to try to dominate foreign policy decisions the way Mr. Regan did. But teamed with the new national security adviser, Frank Carlucci, he is well-equipped to end the feuding and confusion that have crippled the administration on a number of fronts, especially arms control. The need to end the squabbling between the State Department and the Pentagon is especially urgent now that Mr. Gorbachev has seized the political offensive with his weekend proposal.

Although Mr. Baker was widely considered to be a probable candidate for president next year, sources close to him say that even before the chief-of-staff offer was made, he had tentatively decided over the last week or so not to run. In any event, his withdrawal from the presidential sweepstakes underscores the great fluidity of the Republican race less than a year from the first political tests.

"Only a fraction of the people had made decisions, so this withdrawal means that there are even more undecided voters out there than there were before," says Glenn Kenton, a top campaign aide to former Delaware Gov. Pierre du Pont IV. At the same time, it has created a leadership vacuum at the center of the party. "There is a moderate-to-liberal wing of the Republican Party that's still very much alive, and right now there's no one there," says John Maxwell, a senior political consultant to Rep. Jack Kemp of New York.

One result may be that some potential candidates who weren't going to run—such as New Jersey Gov. Thomas Kean and former Tennessee Gov. Lamar Alexander, a Baker ally—may now jump in.

Feeling Betrayed

Meanwhile, many conservatives worry that the appointment of the pragmatic Mr. Baker to the White House will wrest Mr. Reagan away from many of his most conservative stands. "I've talked to 50 conservative leaders and activists in the last 40 hours, and I haven't found one who is not outraged," says New Right leader Richard Viguerie. "We feel abandoned and betrayed." Adds Allan Ryskind, an editor of Human Events magazine: "For the short term everyone says hooray, but for the long term I'm very concerned."

The hard right is especially fearful of Mr. Baker's moderate economic views and reluctance to push conservative positions on many social issues. In addition, while the new chief of staff isn't a foe of the president's Strategic Defense Initiative, he might be more willing to consider an arms agreement that would place some restrictions on it.

Much of the conservatives' ire dates back to Mr. Baker's tenure as Senate Republican leader, starting in 1977. Mr. Baker generally expended little effort in pushing the conservatives' agenda of social

issues, and many have never forgiven him for his crucial role in helping President Carter gain Senate approval of the Panama Canal treaty.

Yet Mr. Baker also played a crucial role in many of the Reagan administration's major accomplishments. In 1981, as the first Republican Senate majority leader in nearly a quarter of a century, he managed almost miraculously to bind liberal and conservative Republicans together to pass the president's agenda. He was a major player in gaining approval of Mr. Reagan's sweeping tax and domestic-spending cuts, his huge defense buildup and the controversial sale of Awacs radar planes to Saudi Arabia. And he maintains good relations with some conservative senators, as well as with Edwin Meese, Mr. Reagan's conservative attorney general.

Reputation for Integrity

Mr. Baker—whose wife, Joy, is the daughter of the late Senate GOP leader Everett Dirksen of Illinois—was first elected to the Senate from Tennessee in 1966. He came to national prominence in 1973 as a member of the Senate Watergate Committee, where he developed a solid reputation for integrity. (President Nixon once offered him appointment to the Supreme Court, but he turned it down.) Mr. Baker chose not to seek reelection to the Senate in 1984.

Although Mr. Baker was thought to be a strong contender for the 1980 presidential nomination, his campaign never really got off the ground; some have suggested that he lacked the requisite "fire in the belly" for a presidential campaign. His hesitancy to declare his intentions for 1988 fueled similar speculation. When he accepted the chief of staff's job Friday, some joked that he had finally gotten to the White House without having to work for it.

Close friends of the new chief of staff say that he is determined to put his stamp on the last two years of the Reagan administration and won't be deterred by the expected pressure from hard-right conservatives. Mr. Baker has always been known as someone who places a high priority on getting things done, and John Seigenthaler, the editorial director of USA Today and a longtime associate, says he sees "moderation as a creative alternative."

Mr. Baker "has never been too overtly conservative or too overtly liberal," his stepmother, Irene Baker, has said. "He's more like the Tennessee River; he flows right down the middle."